



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
1421 JEFFERSON DAVIS HWY
ARLINGTON VA 22243

IN REPLY REFER TO

NAVAIRINST 5430.3B
AIR-8.0G
9 Jan 97

NAVAIR INSTRUCTION 5430.3B

From: Commander, Naval Air Systems Command

Subj: INTEGRITY AND EFFICIENCY

Ref: (a) DODDIR 5500.7
(b) U.S. Navy Regulations, 1990
(c) SECNAVINST 5430.92A
(d) SECNAVINST 5520.3B
(e) SECNAVINST 5370.5A
(f) Naval Inspector General Investigation Manual (July 1995)
(g) OPNAVINST 3100.6F
(h) SECNAVINST 5212.5C

Encl: (1) Defense/Navy Hotline Completion Report Format
(2) Defense/Navy Hotline Progress Report Format
(3) Procurement Fraud Remedies Plan Report Format

1. **Purpose.** To assign responsibilities and provide procedures for the Navy's Integrity and Efficiency Program within the Naval Air Systems Command (NAVAIR) as cited in references (a) through (h).

2. **Cancellation.** This instruction supersedes NAVAIRINST 5430.3A of 1 November 1991. Since this is a major revision, changes have not been indicated.

3. **Background**

a. Reference (a) prescribes required standards of ethical conduct governing all personnel of the Department of the Navy (DON), including responsibilities and procedures for monitoring and enforcing compliance with standards of conduct.

b. Reference (b) addresses the responsibility of commanding officers for economy within their commands, which includes the requirement for rigid compliance with regulations governing receipt, accounting, and expenditure of public moneys, and for the implementation of improved management techniques and procedures (Article 0802); is emphatic as to the proper use of labor and materials; mandates care, preservation, and economical use of equipage and supplies (Article 0834); cites the obligation of all personnel to report offenses or knowledge of fraud, collusion, or improper conduct (Article 1115); and addresses conditions for authorized possession of government property (Article 1160).



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c. Reference (c) assigns responsibilities to counteract fraud, waste, and related improprieties within the DON to commanders, commanding officers, and "naval personnel." The latter includes all U.S. military personnel in the naval establishment and all civilian employees of DON (including those in nonappropriated fund activities). The instruction states in part: "All Naval personnel shall be vigilant to the possibility of...illegal or improper acts, and shall report to proper authority, in accordance with U.S. Navy Regulations, the existence of any improprieties in this regard. Commanding Officers and others in authority shall cause inquiries or investigations into such reports to be initiated and, if confirmed by inquiry or investigation, take or cause to be taken disciplinary action and/or administrative action..."

d. Reference (d) addresses criminal and security investigations and related activities within DON.

e. Reference (e) establishes the Navy Hotline Program as an element of the Navy's Integrity and Efficiency Program, specifies responsibilities for its support, and requires commands to publicize information pertaining to the program.

4. **Discussion.** Instances of fraud, waste, abuse and mismanagement in any form or degree, no matter how inconsequential they appear to be, will not be tolerated within NAVAIR. Fraud, waste, or abuse requires swift and deliberate command action. Various sections of the U.S. Code, parts of Title 18, the Uniform Code of Military Justice, and reference (a) define activities amounting to crimes against or involving property of the U.S. Government. These activities can be generically labeled as fraud and abuse. While there is a popular belief that statutory sanctions cover only flagrant and obvious cases where the U.S. Government is deprived of its property, sanctions can be applied to all variations of fraud, waste, abuse or mismanagement (including dereliction of duty). If this fact is ignored, especially when impropriety is relatively minor fraud, waste, abuse and mismanagement go unchecked.

5. **Definitions**

a. **Fraud.** Any willful taking or attempting to take unfair advantage of the government through deceit, misrepresentation, or concealment including, but not limited to, the offer, payment, or acceptance of bribes, the offer, giving, or acceptance of gratuities as set forth in reference (a), making false

statements, submission of false claims, use of false weights and measures, evasion or corruption of inspectors and other officials, deceit either by suppression of the truth or misrepresentation of a material fact, adulteration or substitution of materials, falsification of records and books of account, arrangements for secret profits, kickbacks, or commissions, and conspiracy to use any of these devices. It also includes those cases of conflict of interest, criminal irregularities, and unauthorized disclosure of official information which are connected with procurement and disposal matters.

b. **Waste.** Any extravagant, careless, or needless expenditure of government funds or consumption of government property.

c. **Abuse.** Any wrongful action, not constituting fraud or waste, which violates statutes, regulations, or good practice.

d. **Mismanagement.** Any action that fails to meet the standard for public stewardship of funds, resources and property. Any action dealing with the administration of military and civilian personnel matters that has an unwarranted adverse effect on the person who is the subject of such action, be it an act of commission or omission. Any act that brings negative attention/publicity on NAVAIR or DON. Any nonfeasance or malfeasance that affects the operations or capabilities of NAVAIR or DON.

6. **Focal Point.** The NAVAIR Inspector General (AIR-8.0G) (NAVAIRINSGEN) is the NAVAIR focal point and the coordinating office for the command-wide program to prevent and detect fraud, waste, abuse and mismanagement related matters. NAVAIRINSGEN also coordinates all DOD, Navy, and NAVAIR Hotline matters.

7. **Responsibilities**

a. **NAVAIRINSGEN (AIR-8.0G)** shall:

(1) provide NAVAIR-wide coordination, oversight, and guidance regarding all hotline and investigative matters;

(2) ensure that all requirements and policies established by the Naval Inspector General (NAVINSGEN) regarding investigations and hotline complaints are complied with;

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(3) receive reports and initiate investigations into suspected instances of fraud, waste, abuse and mismanagement.

b. Heads of NAVAIR HQ, Program Executive Officers (PEO) and field activities shall emphasize the requirement of all military and civilian personnel to prevent, detect, and report fraud, waste, abuse and mismanagement through training, discussions at work entry levels, and publications of articles in unit and station publications.

c. Supervisory Personnel shall:

(1) set an example with regard to each NAVAIR employee's responsibility, accountability, and personal conduct in the prevention of fraud, waste, abuse and mismanagement; and

(2) be accessible to those who wish to report violations or suspected instances of fraud, waste, abuse or mismanagement.

8. Procedures. Within NAVAIR, each instance of reported fraud, waste, abuse or mismanagement will be the subject of inquiry or investigation as follows:

a. The Naval Criminal Investigative Service (NCIS) shall be requested to investigate all allegations of criminal activities. Therefore, it is essential that Heads of NAVAIR field activities and NAVAIRHQ Competency leaders and PEOs maintain a close and effective working relationship with the servicing NCIS field office. If a situation develops where significant potential for fraud is suspected, but there is no actual evidence of it, the cognizant Head of the field activity, NAVAIRHQ Competency leader or PEO shall review the potential with a representative of NAVAIRINSGENs Investigative Division or NCIS to determine if a criminal intelligence operation should be undertaken. In no instance where a question of criminality exists will any NAVAIRHQ or field activity commence an inquiry/investigation, prior to obtaining a notice of NCIS declination of jurisdiction through NAVAIRINSGENs Investigative Division or a Special Agent of NCIS.

b. All heads of NAVAIR field activities and NAVAIRHQ Competency leaders shall meet the below listed requirements.

(1) When tasking commands and/or individuals to conduct inquiries/investigations, cognizant Heads of field activities, NAVAIRHQ Competency leaders or PEOs shall be especially sensitive to the need for sufficient organizational independence. Complete

assurance of impartiality and objectivity is essential in conducting the inquiry/investigation. In selecting an individual to conduct an inquiry/investigation, consideration will be given to seniority, maturity, professional experience, and prior noninvolvement in the matter under inquiry. Inquiry/investigation of an allegation **will not** be conducted by a commander, commanding officer, headquarters director, or individual explicitly or implicitly implicated in the alleged wrongdoing, **or by any individual subordinate to the individual or activity involved in the complaint.** Immediate superiors in command (ISIC) shall assume responsibility of inquiries/investigations when circumstances dictate. **AIR-8.0G will be consulted in any case where there is a question regarding the advisability of a particular investigation assignment.**

(2) Every element of an allegation, as well as questions and additional allegations raised during an inquiry/investigation, shall be investigated and addressed in the report of inquiry/investigation.

(3) Disciplinary or administrative action, commensurate with the offense, shall be taken, when appropriate, against any individual whose conduct has been determined to have been criminal or culpably improper. **All personnel involved will be held accountable for their actions.**

(4) The chain of command shall be used for registering complaints and grievances, for suggesting management improvements, and for reporting suspected fraud, waste, abuse and mismanagement. However, if a link in the chain of command is an apparent cause of a perceived violation, reports should be made to the Head of the NAVAIR Field Activity, NAVAIRHQ Competency leader or PEO. Under unusual circumstances, or at any time, for assistance or advice, the Navy, NAVAIR or local command Hotline may be used.

(5) The NAVAIR Hotline may be called 24 hours a day. Alternatively, AIR-8.0G's office may be called during normal working hours, or a letter sent to: Commander, Naval Air Systems Command (AIR-8.0G), 1421 Jefferson Davis Highway, Arlington, VA 22243 -5120. Callers are not required to give their names, but may be encouraged to provide that information or a method of contact to allow NAVAIRINSGEN or the investigating officer to clarify or gather additional information. **In any instance where the source provides identifying information, the investigator or**

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investigating officer obtaining the information will not reveal it to any other party, without the explicit permission of the source.

(6) NAVAIRHQ, PEOs and field activities may establish their own Command Hotline Programs. Command Hotline Programs shall follow the policy and procedures of the Navy/NAVAIR Hotline Program. All command hotline calls alleging fraud, waste, abuse or mismanagement shall be thoroughly investigated by an independent investigator using the guidelines and procedures established by this instruction and references (e) and (f).

9. Action. Heads of NAVAIR field activities, NAVAIRHQ Competency leaders and PEOs shall:

a. Submit reports to AIR-8.0G as prescribed below. All reports (excluding NCIS reports of investigations) may be initially transmitted via facsimile. A cover letter is not required with the facsimile, but is required with the hard copy.

(1) Report all instances or allegations of fraud, waste, abuse or mismanagement to include those reported on internal Command hotline systems) and all fraud, waste, abuse and mismanagement related investigations initiated by NCIS to AIR-8.0G using the formats of Navy Hotline Completion, Progress or Procurement Fraud Remedies Plan Reports provided in enclosures (1) through (3).

(2) These reports will include full identifying information for all subjects, witnesses, complainants (where known) and any other individual providing information relevant to the investigation. The identifying information required is full name, grade/rank, duty position and location. For non-government individuals, i.e., contractor, local civilian, military and Navy civilian spouses, the information will provide full name, address and phone number. Reporting of NCIS investigations involving fraud, waste, abuse or mismanagement will be accomplished by providing a copy of the NCIS report of investigation.

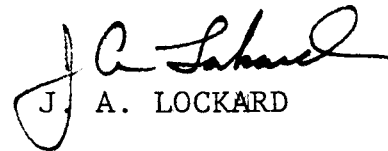
b. Continue to submit special incident reports, when appropriate, as directed by reference (g).

c. Report all allegations/complaints upon receipt and submit progress reports every 60 days until the final report of the investigation is completed.

d. Retain a copy of all reports of fraud, waste, abuse or mismanagement related inquiries/investigations initiated at local level, including all field working paper and supporting documentation as required by reference (h). These reports and related records will be reviewed incidental to command inspections.

10. Reports. The reporting requirements contained in paragraph 9 above are exempt from reports controlled by SECNAVINST 5214.2B.

11. Review. AIR-8.0G shall review the contents of this instruction annually and provide the Commander recommendations for changes and deletions.


J. A. LOCKARD

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DEFENSE/NAVY HOTLINE COMPLETION REPORT

AS OF _____

1. **Name of Officials Involved in the Conduct of Investigation:**
2. **Rank and/or Grade of Officials:**
3. **Duty Position and Contact Telephone Number of Officials:**
4. **Organization of Officials:**
5. **Hotline Control Number:**
6. **Scope of Examination, Conclusions, and Recommendations:**

a. Identify the allegations, applicable organization and location, person or persons against whom the allegation was made, dollar significance of actual or estimated loss or waste of resources.

b. Indicate the scope, nature, and manner of the investigation conducted (documents reviewed, witnesses interviewed, evidence collected, and persons interrogated). The report shall reflect whether inquiries or interviews were conducted by telephone or in person. The identity of the interviewee need not be reflected in the report. However, this information shall be documented in the official field file of the examining agency. If the individuals cited in the allegation are interviewed, the fact shall be reflected in the report. The specific identity and location of pertinent documents reviewed during the course of the investigation shall be recorded and reflected in the report. Procurement history data shall be reflected in those complaints of spare parts excessive price increases.

c. Report findings and conclusions of the investigating official. This paragraph may include program reviews, make comments as to the adequacy of existing policy or regulation, system weaknesses noted, and similar comments.

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ENCLOSURE (1)

NAVAIRINST 5430.3B

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7. Criminal or Regulatory Violations Substantiated:

8. Disposition: For investigations involving economies and efficiencies, report management actions taken in the final report. For investigations involving criminal or unlawful acts, provide the results of criminal prosecutions including details of all charges and sentences imposed. Include the results of administrative sanctions, reprimands, value of property or money recovered, or other such actions taken to preclude recurrence.

9. Security Classification of Information: Each investigating organization must determine and state, when applicable, the security classification of information included in the report that might jeopardize national defense or otherwise compromise security if the contents were disclosed to unauthorized sources.

10. Location of Field Working Papers and Files:

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ENCLOSURE (1)

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DEFENSE/NAVY HOTLINE PROGRESS REPORT

AS OF: _____

1. **DOD COMPONENT:** Department of the Navy
2. **HOTLINE CONTROL NUMBER:**
3. **DATE REFERRAL INITIALLY RECEIVED:**
4. **STATUS:**
 - A. Organization conducting investigation
 - B. Type of investigation being conducted
 - C. Results of investigation to date
 - D. Reason for delay
5. **EXPECTED DATE OF COMPLETION:**
6. **AGENCY POINT OF CONTACT:**

POC:

DUTY PHONE NUMBER:

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ENCLOSURE (2)

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PROCUREMENT FRAUD REMEDIES PLAN

AS OF: _____

I Administrative Data:

- A. Subject of Allegation.
- B. Principal Investigative Agency.
- C. Investigative Agency Case Control Number (File Number).
- D. Subject's Location.
- E. Location Where Offense Took Place.
- F. Responsible Action Commander.
- G. Responsible Echelon II Commander.
- H. Contract Administrative Data (If Applicable).
 - 1. Contract Number.
 - 2. Type of Contract.
 - 3. Contract Dollar Amount.
 - 4. Period of Contract.
- I. Principal Case Agent (Name and Phone Number).
- J. Civilian Prosecutor (If Applicable - Name, Address and Phone Number).
- K. Is Grand Jury Investigating Matter?
- L. Audit Agency Involved (If Applicable).
- M. Suspense Date for Update of This Remedies Plan.

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ENCLOSURE (3)

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II Summary of Allegations and Investigative Results to Date:

(Provide sufficient detail for reviewers of the plan to evaluate the appropriateness of the planned remedies. If information is close hold or if Grand Jury restrictions (6E) apply, so state.)

III Adverse Impact Statement:

(Describe any adverse impact on the USN/DOD mission. Adverse impact is described in DOD Directive 7050.5, paragraph E.1.g. Identify impact as actual or potential. Describe the impact in terms of monetary loss, endangerment to personnel or property, mission readiness, etc. This information should be considered in formulating your remedies as described below and provided to prosecutors for their use in prosecution of the offenses.)

IV Remedies Taken and/or Being Pursued:

A. Criminal Sanctions. (As a minimum, address the following: Are criminal sanctions appropriate? If so, which ones? If not, why not? Has the local U.S. Attorney or other civilian prosecutor been notified and briefed? What actions have been taken or are intended? If and when action is complete, describe action and final results of the action. Other pertinent comments should be included.)

B. Civil Remedies. (As a minimum address the following: Which civil remedies are appropriate? Has the local U.S. Attorney or other civilian prosecutor been notified and briefed? How, when, where and by whom are the appropriate civil remedies implemented? If and when action is completed described action and final results. Other pertinent comments should be included.)

C. Contractual/Administrative Remedies. (As a minimum, address the following: Are contractual and administrative remedies appropriate? If so which ones? If not, why? If

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contractual or administrative remedies are considered appropriate, describe how, when, and by whom the remedies are implemented. If and when action is completed, describe action and results of the action. Other pertinent comments should be included.)

D. Personnel Actions. (As a minimum, address the nature and type personnel actions taken or anticipated, recoupment or recovery (if any), identification and position of individual taking action and when taken.)

E. Restrictions on Remedies Action. (Comment as to why obvious remedies are not being pursued. For example, the U.S. Attorney requests suspension action held in abeyance pending criminal action.)

V Miscellaneous Comments/Information:

VI Remedies Plan Participants:

Name	Grade	Organization	Telephone No.
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(Note: Mandatory participants are: Representatives from the responsible action commander, legal, contracting, and NCIS. Other participants can serve at the direction of the responsible action commander.)

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VII Echelon II Coordination/Comments:

Name	Grade	Office Symbol	Telephone No.	Date
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(The Echelon II focal point for the Remedies Program must designate which offices must coordinate on the plan. Coordinators should comment on the appropriateness of the planned remedies. If revisions are necessary, the revisions must be coordinated with the originators of the plan and the revision made in the most expeditious manner possible. Non-time sensitive comments should be provided to the originators by letter for inclusion in the next update.)

<u>(Signature)</u>	<u>(Date)</u>
Echelon II Focal Point	

VIII. Naval Inspector General Coordination/Comments:

Name	Grade	Office Symbol	Telephone No.	Date
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(NAVINSGEN must ensure review of the plan by appropriate agencies. Feedback and comments must be provided through NAVINSGEN to the Echelon II command for transmittal to the originators of the plan.)

NOTES:

1. Subparagraphing is permitted.
2. This is a Format for the Remedies Plan not a form. Expand the format where required; for example, the comments sections throughout the plan. The only firm requirement is to keep the basic format. The purpose of this is for ease of review and

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standardization of the reporting system throughout the U.S. Navy. Comments, information, observations, etc. which do not apply to the standardized sections should be placed in section V, miscellaneous comments and information.

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